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CMS NEWS

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CMS MAKES OUTPATIENT FACILITY POLICY AND PAYMENT CHANGES *Rule would give hospitals and ASCs flexibility to lower per-case costs*

The Centers for Medicare & Medicaid Services (CMS) today released a final calendar year (CY) 2014 hospital outpatient and ambulatory surgical center (ASC) payment rule [CMS-1601-FC] that will give hospitals and ASCs new flexibility to lower outpatient facility costs and strengthen the long-term financial stability of Medicare. In addition, CMS will replace the current five levels of hospital clinic visit codes for both new and established patients with a single code describing all outpatient clinic visits. A single code and payment for clinic visits is more administratively simple for hospitals and better reflects hospital resources involved in supporting an outpatient visit. The current five levels of outpatient visit codes are designed to distinguish differences in physician work.

Provisions in the final Hospital Outpatient Prospective Payment System (OPPS) rule encourage more efficient delivery of outpatient facility services by packaging the payment for multiple supporting items and services into a single payment for a primary service similar to the way Medicare pays for hospital inpatient care. Supporting items and services that will be included in a single payment for a primary service to the hospital and not paid separately include drugs, biologicals, and radiopharmaceuticals that function as supplies when used in a diagnostic test or procedure; drugs and biologicals that function as supplies when used in a surgical procedure, including skin substitutes; certain clinical diagnostic laboratory services; certain procedures that are never done without a primary procedure (add-ons); and device removal procedures.

“These changes are essential if we’re going to create a health care system that delivers better care at lower cost. The final OPPS/ASC rule gives hospitals a stake in managing their resources to generate better coordinated and ultimately, more affordable outpatient care,” said CMS Principal Deputy Administrator Jon Blum. Including payment for supporting items and services with the primary service improves hospital flexibility, while continuing to recognize all of the hospital’s costs while the patient is in the outpatient department.

The CY 2014 final rule with comment period increases overall payments for hospital outpatient departments by an estimated 1.7 percent. The increase is based on the projected hospital market

basket—an inflation rate for goods and services used by hospitals—of 2.5 percent, minus both a 0.5 percent adjustment for economy-wide productivity and a 0.3 percentage point adjustment required by statute. The rule also updates partial hospitalization payment rates for hospitals and community mental health centers.

As part of this broader proposal to consolidate payment for larger groups of services, the final rule with comment period also establishes an encounter-based or “comprehensive” payment for certain device-related procedures like cardiac stents and defibrillators, but in a change from the proposed rule, delays its effective date to 2015.

To read the fact sheet on the CY 2014 final rule with comment period; final rules, please visit: <http://www.cms.gov/newsroom/>

The final rule with comment period and final rules will appear in the December 10, 2013 Federal Register and can be downloaded from the Federal Register at: <http://www.ofr.gov/inspection.aspx?AspxAutoDetectCookieSupport=1>.

The due date for comments is January 27, 2014.

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